

October 20, 2004

Public Service Commission of South Carolina
ATTN: Docketing Department
P. O. Drawer 11649
Columbia, SC 29211

RE: Application of Progress Energy Carolinas, Inc. For Permission To Sell Land That Is No
Longer Needed To Provide Utility Service
Docket No. 2004-305E

Gentlemen:

Attached for filing are an original and twelve copies of the Application of Progress Energy Carolinas, Inc. For Permission To Sell Land That Is No Longer Needed To Provide Utility Service. Please stamp two of the copies and return them to me in the stamped, self-addressed envelop.

Sincerely,

Len S. Anthony
Deputy General Counsel-Regulatory Affairs

LSA:mhm

Attachments

218371

cc: Mr. Elliott Elam

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2004-~~305~~³⁰⁵E

In the Matter of)	
)	
Application of Progress Energy Carolinas,)	APPLICATION
Inc. For Permission To Sell Land That Is)	
No Longer Needed To Provide Utility)	
Service)	

Pursuant to the Public Service Commission of South Carolina's (the "Commission") Rules 103-830, 103-831, and 103-834 and S.C. Code Ann. §58-27-1300 (1976) as amended, Progress Energy Carolinas, Inc. ("PEC") applies to the Commission for permission to sell certain land that is not needed to provide electric utility service. In support thereof, PEC shows the following:

1. The name and address of the applicant is:

Progress Energy Carolinas, Inc.
Post Office Box 1551
Raleigh, North Carolina 27602

PEC is an electric utility incorporated in the State of North Carolina and authorized to do business in South Carolina. PEC generates, transmits and delivers electricity to the citizens of North and South Carolina.

2. The attorneys for PEC to whom all correspondence should be directed are:

Len S. Anthony, Deputy General Counsel
Kendal C. Bowman, Associate General Counsel
Post Office Box 1551
Raleigh, North Carolina 27602
(919) 546-6367

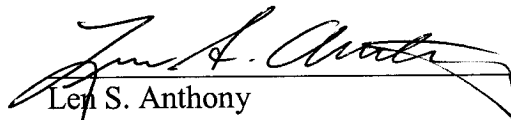
3. In 1926, PEC purchased 119 acres to develop the Lake Tillery Hydro Electric Generating facility in Montgomery County, North Carolina. The purchase price was \$5,000.00. PEC has determined that 85.7 acres of this property is no longer needed. PEC advertised the property for sale and listed it on the Multiple Listing Service over a two month period. (Attached to this Application is a letter describing the marketing efforts employed to sell the property). PEC has obtained an Opinion of Value (a copy of which is attached) that states that the value of the property in question is approximately \$10,000 per acre. PEC has entered into a contract to sell the property for \$15,000 per acre or \$1.285 million. From the date of its acquisition the property has been held in Federal Energy Regulatory Commission ("FERC") Account No. 101, Electric Plant In Service.

4. S.C. Code Ann. § 58-27-1300 provides that an electric utility must first obtain Commission approval prior to selling or otherwise transferring utility property with a fair market value greater than \$1 million. Therefore, PEC applies to the Commission for permission to sell the land in question. Public notice and a hearing are not required by the statute.

5. PEC's proposed accounting treatment for this transaction is as follows: FERC Account No. 101, will be credited for the book value of the property; and FERC Account No. 421.1, Gain On Disposition of Utility Property, will be credited for the difference between the book value and sale price.

WHEREFORE, PEC applies to the Commission, pursuant to S.C. Code Ann. § 58-27-1300 (1976) as amended, for an order approving the sale of the subject property.

Respectfully submitted this 22 day of October, 2004.



Len S. Anthony
Deputy General Counsel-Regulatory Affairs
P. O. Box 1551
Raleigh, North Carolina 27602
(919) 546-6367

VERIFICATION

STATE OF NORTH CAROLINA

COUNTY OF WAKE

The undersigned, Bruce P. Barkley, being first duly sworn, deposes and says that he is Manager – Regulatory Accounting for Progress Energy Service Company; that he has read the forgoing and knows the contents thereof; that the same are true of his own knowledge and believes them to be true.

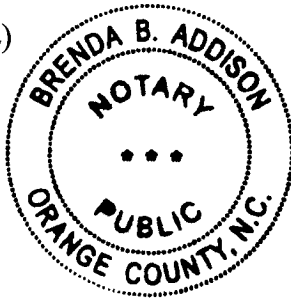
Bruce P. Barkley
Bruce P. Barkley

Sworn to and subscribed to me this 22nd day of October, 2004.

Brenda B. Addison
Notary Public

My Commission Expires: 5/19/2009

(SEAL)





October 1, 2004

John Gallant
Progress Energy
410 South Wilmington Street
PEB 3A
Raleigh, NC 27601

RE: Opinion of Value – 85 acres in Montgomery County

Dear John,

It is our opinion that Progress Energy's 85 acre piece of land in Montgomery County is worth approximately ten thousand (\$10,000) per acre. We base this opinion on the following facts. We recently sold the land south of this property for \$21,800 per acre. This property was different from the property in question in regards to the linear feet of lake frontage. The property to the south sold for \$182 per linear feet of lake frontage. Using the same calculation, our 85 acre piece with approximately 2,000 feet of linear frontage is worth only \$564,000. Half of its lake frontage is in a cove and does not provide lake views. The property is also a good distance from Lilly's Bridge Road thus, the road access and sewer costs will make development costs significantly higher.

Thus we feel that a sale of \$15,000 per acre is a good deal for Progress Energy. This opportunity to sell this piece of land for \$15,000 per acre should not be passed up.

Sincerely,

A handwritten signature in black ink that reads 'John Stubbs'.

John Stubbs

JS:cl



October 4, 2004

John Gallant
Progress Energy
410 South Wilmington Street
PEB 3A
Raleigh, NC 27601

RE: Marketing Efforts – 85 acres in Montgomery County

Dear John,

In order to sell the 85 acres of Progress Energy owned land in Montgomery County, NC, we employed several strategies to attract the highest bidder.

First, we employed a local broker in the Lake Tillery market to advertise the property through signs and the brokerage community. The property was also listed in the Multiple Listing Service (MLS) through our local broker.

Further, I marketed this property to numerous interested parties who are larger land owners in the Lake Tillery area. Many interested parties were also referred from the Progress Energy Real Estate Department.

After receiving offers of \$6,666; \$8,500; \$10,500; and \$12,800 per acre, we agreed to sell the property for \$15,000 per acre.

John, you might also recall we received one offer for \$18,000 per acre, but the offer was rescinded after the potential buyer made a further investigation of the property.

Please feel free to call with any questions.

Sincerely,

A handwritten signature in black ink that reads 'John Stubbs'.

John Stubbs

JS:cl